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NHMA

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

EIGHTEENTH ANNUAL MARKETING RESEARCH STUDY OF HOUSEWARES MANUFACTURERS

1984

Research by
B. Angell & Associates, Inc.

NHMA
INTERNATIONAL HOUSEWARES EXPOSITION

Serving the Housewares Industry since 1938
Incorporated not for Profit

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April 1985

TO MEMBERS OF THE HOUSEWARES INDUSTRY:

The National Housewares Manufacturers Association is pleased to publish as a service to the industry its Eighteenth Annual Marketing Research Study of Housewares Manufacturers for the year 1984.

Again carried out for us by the independent market research firm of B. Angell & Associates, Inc., the 1984 study surveyed exhibitors in our Spring and Fall International Housewares Expositions of last year.

And the research findings, as presented in this report, provide vital and in-depth data about the burgeoning American housewares industry as it meets today's challenges of our nation's recovered economy.

We sincerely hope that our 18th NHMA Manufacturers Research Study will prove to be a useful and valuable marketing tool for all members of the housewares industry.

Additional copies are available upon written request.

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

Ron Fippinger

Ronald A. Fippinger, Managing Director

RAF:lc

B. Angell & Associates, Inc.

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April, 1985

BACKGROUND AND PURPOSE

Over the past eighteen years since 1967, the National Housewares Manufacturers Association has been conducting annual marketing research studies of housewares manufacturers by surveying exhibitors in its International Housewares Expositions.

The primary purpose of these surveys has been to monitor and track industry sales and marketing trends. More specifically, the surveys provide the following information: manufacturers' dollar sales; percent of dollar sales by product categories and retail and wholesale trends; classification of manufacturers by product categories and size; anticipated sales projections; pricing trends, and other related issues.

These annual NHMA surveys offer a singular opportunity to monitor industry trends on a continuing basis. They represent the most authoritative body of continuous marketing data about housewares manufacturing currently available to the industry.

METHOD

Due to the number, diversity and geographic dispersion of housewares manufacturers, it was determined that a self-administered mail questionnaire is the most effective means for obtaining the desired information.

The anonymity of the responses has been maintained by having the completed questionnaires returned for processing to the certified public accounting firm of Berk & Michaels, P.C. of New York.

For the current study, questionnaires were sent to 1,807 exhibitors in the April and October 1984 NHMA International Housewares Expositions. The findings summarized in this report are based on the responses of 578 manufacturers, representing 32% of the exhibitors.

In our opinion, the rate of return and the sample size provide a reliable and valid profile of the housewares manufacturers who are represented by the NHMA International Housewares Exposition.

Joseph S. Adler
President

HIGHLIGHTS OF THE FINDINGS

Following are highlights of those findings most pertinent to the objectives of the survey and of greatest interest to the housewares industry.

- In 1984, housewares manufacturers' total dollar sales increased by 10% over the previous year, to approximately $24.6 billion. During that same period, the rate of inflation was 3.6%, while the Gross National Product rose by 6.8%.

- More than one out of every three housewares manufacturers (37%) reported that total 1984 dollar sales exceeded $5 million.

  Of the remaining 63%, 25% reported sales volume under $1 million. This represents a slight increase in the number of relatively small manufacturers within the housewares industry.

- In 1984, Electric Housewares accounted for one-third (33%) of the housewares industry's total dollar sales, a level comparable to that reported in previous years. These manufacturers represent 11% of the industry.

  Manufacturers of Decorative Accessories, accounting for 12% of the industry, reported sales at 10% of the industry's total dollar sales.

  Within the Cook and Bakeware category, Cookware represents 8% of sales, while Bakeware represents 2%.

  Similarly, within the category of Bath and Closet Accessories, Bath Accessories represent twice as much dollar sales (2%) as do the sales of Closet Accessories (1%).

- The manufacturers indicated that 83% of their total industry sales in 1984 were directly to retailers; while 17%, the lowest level in the past 18 years, were to wholesale outlets.

  Of the manufacturers' dollar sales to retail outlets, 38% were to Mass Merchandisers in 1984. The reported sales to Department Stores, at 10%, were higher than those reported since 1981. Sales to Catalog Showrooms appear to have stabilized at approximately 9%.

- In the current study, White was reported to be the leading preferred color for every one of five product categories.

  For Bath Accessories, Blue was reported to be the second leading color, at 22%.

  For Closet Accessories, Brown was reported by 17%, followed by Almond and Blue at 11% respectively.

  For Kitchen Appliances and Accessories, the mention of Almond declined from the 45% reported in 1983 to 41%.

For Outdoor Products and Accessories, Yellow and Red were reported by 23% each, both representing increases over the 14% reported in the previous year. Also, the mention of Blue increased from 6% in 1983, to 11% in the current survey.

For Serving and Buffet Products and Accessories, the mention of Red increased from 8% in the previous year's survey to 18%. Similarly, the mentions of Yellow and Blue increased as well. In turn, Almond was cited by 11%, a decline over the 14% reported previously.

- Close to two out of three manufacturers (64%) indicated that they did not increase their prices during 1984. The industry's reported average price increase during that period was 5.3%. In addition, the anticipated average price increase for 1985 is lower yet, at 4.6%.

- The reasons given for expecting to increase prices in 1985 were "higher material costs" (64%), "higher labor costs" (45%) and "higher overhead costs" (30%). More than half of the manufacturers (54%) indicated that they do not expect to increase their prices during 1985.

- Slightly more than half of the manufacturers (52%) indicated that they exported some of their products outside of the United States in 1984. However, the average percent of export sales represent only 2.05% of the industry's total dollar sales.

  Of those manufacturers who do not export, 92% indicated that to them, export sales are not particularly important. In turn, of the manufacturers who do export, only 9% stated that export sales are very important to them.

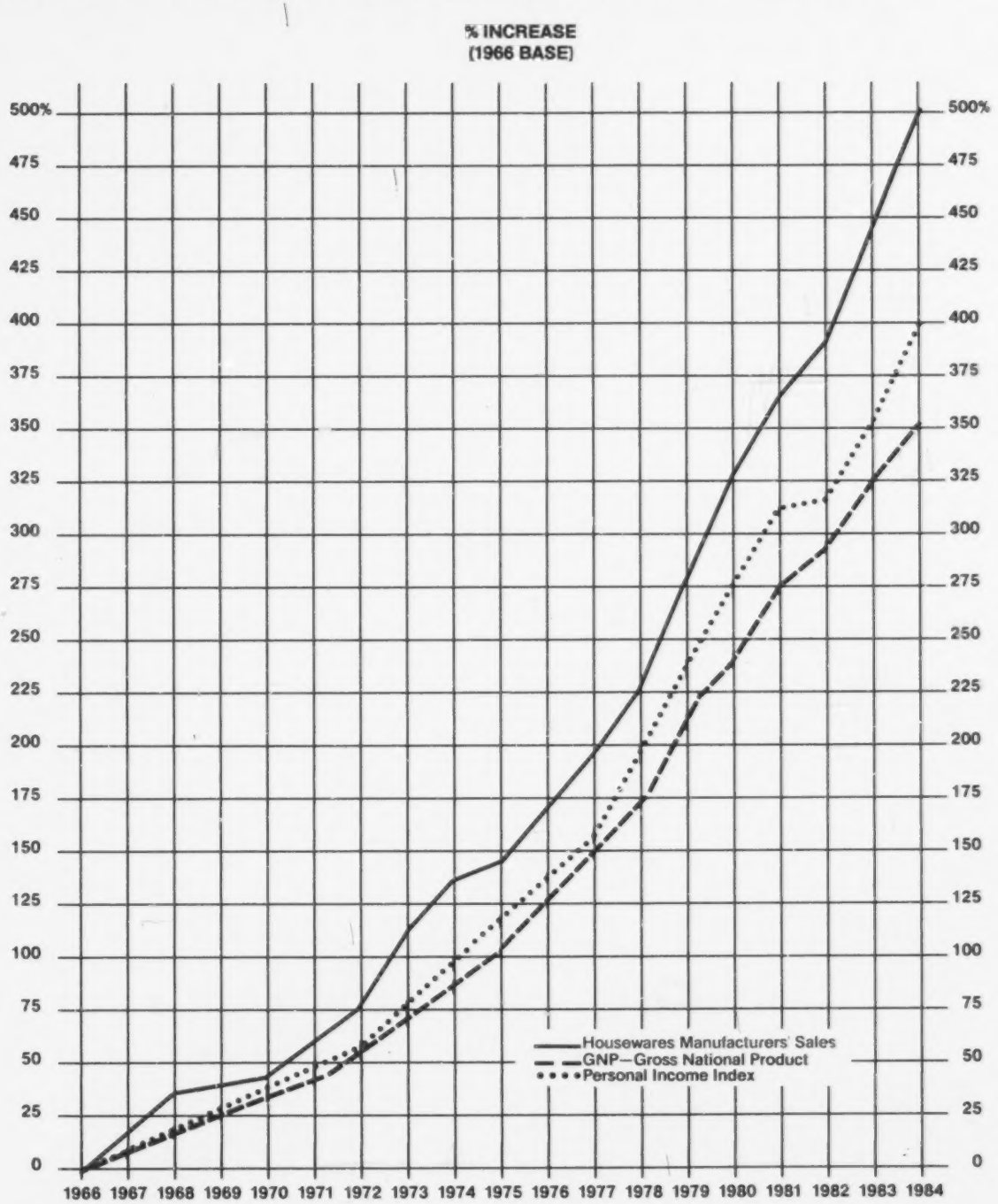
- In the current study, as in past years, most of the manufacturers indicated that their orders are generally being filled immediately, at 83.4%.

- In 1984, 30% of the manufacturers reported that their accounts receivables are outstanding 60 days or longer.

- The most frequently mentioned concerns reported by the manufacturers were over "changes in the competitive mix," mentioned by 45% of the participants. This represents an increase from the 26% reported for 1983, and the 32% for 1984. This concern is primarily over the perceived impact of foreign competition.

  On the other hand, earlier concerns over economic factors such as "economic outlook/tight money/recession" declined from 24% reported two years ago, to the current 11%.

PERCENT GROWTH IN HOUSEWARES MANUFACTURERS' SALES – 1966-1984 COMPARED TO GROSS NATIONAL PRODUCT AND PERSONAL INCOME INDEX



During the past eighteen years, housewares manufacturers' sales rose from approximately $4 billion a year in 1966, to almost $25 billion in 1984.

A comparison of manufacturers' sales with two of the nation's leading economic indicators – Gross National Product and Personal Income Index—indicates that the industry's rate of growth has been steady. From 1983 to 1984, the Gross National Product rose by 6.8%, and the Personal Income Index increased by 9.8%

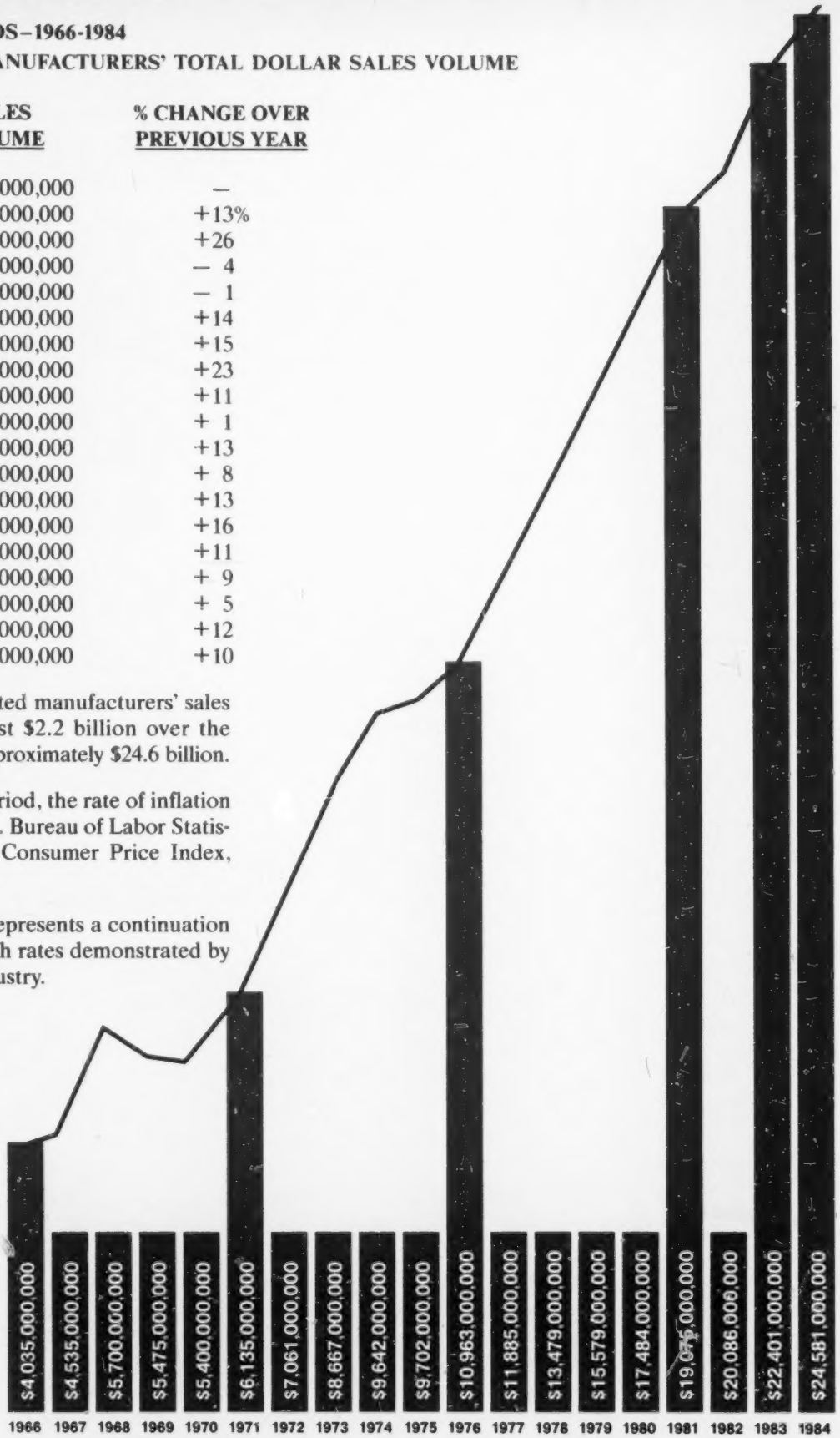
INDUSTRY TRENDS–1966-1984
HOUSEWARES MANUFACTURERS' TOTAL DOLLAR SALES VOLUME

	SALES VOLUME	% CHANGE OVER PREVIOUS YEAR
1966	$ 4,035,000,000	—
1967	4,535,000,000	+13%
1968	5,700,000,000	+26
1969	5,475,000,000	— 4
1970	5,400,000,000	— 1
1971	6,135,000,000	+14
1972	7,061,000,000	+15
1973	8,667,000,000	+23
1974	9,642,000,000	+11
1975	9,702,000,000	+ 1
1976	10,963,000,000	+13
1977	11,885,000,000	+ 8
1978	13,479,000,000	+13
1979	15,579,000,000	+16
1980	17,484,000,000	+11
1981	19,075,000,000	+ 9
1982	20,086,000,000	+ 5
1983	22,401,000,000	+12
1984	24,581,000,000	+10

In 1984, total reported manufacturers' sales increased by almost $2.2 billion over the previous year, to approximately $24.6 billion.

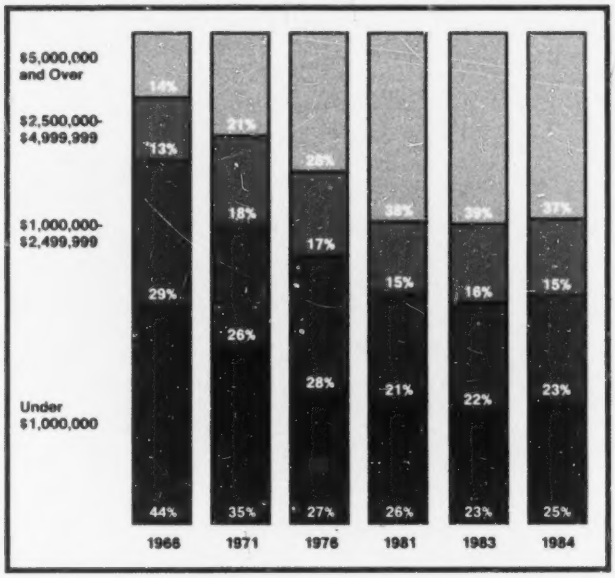
During the same period, the rate of inflation reported by the U.S. Bureau of Labor Statistics, based on the Consumer Price Index, was 3.6%.

The 10% increase represents a continuation of the annual growth rates demonstrated by the housewares industry.



SIZE OF HOUSEWARES MANUFACTURERS– BY DOLLAR SALES VOLUME

	Under $1,000,000	$1,000,000-$2,499,999	$2,500,000-$4,999,999	$5,000,000 and Over
1966	44%	29%	13%	14%
1971	35	26	18	21
1976	27	28	17	28
1981	26	21	15	38
1983	23	22	16	39
1984	25	23	15	37



As indicated in the early years of this survey, as many as 44% of manufacturers reported sales of under $1 million, while only 14% reported that their sales exceeded $5 million.

The distribution of housewares manufacturers by size in 1984 suggests the first directional shift evident since this survey program was initiated. For the first time in eighteen years, the percent of small manufacturers increased somewhat, while the incidence of manufacturers over $5 million decreased slightly. Although the differences are not statistically significant, they may be noteworthy as an expression of the return to some small entrepreneurial companies within the industry.

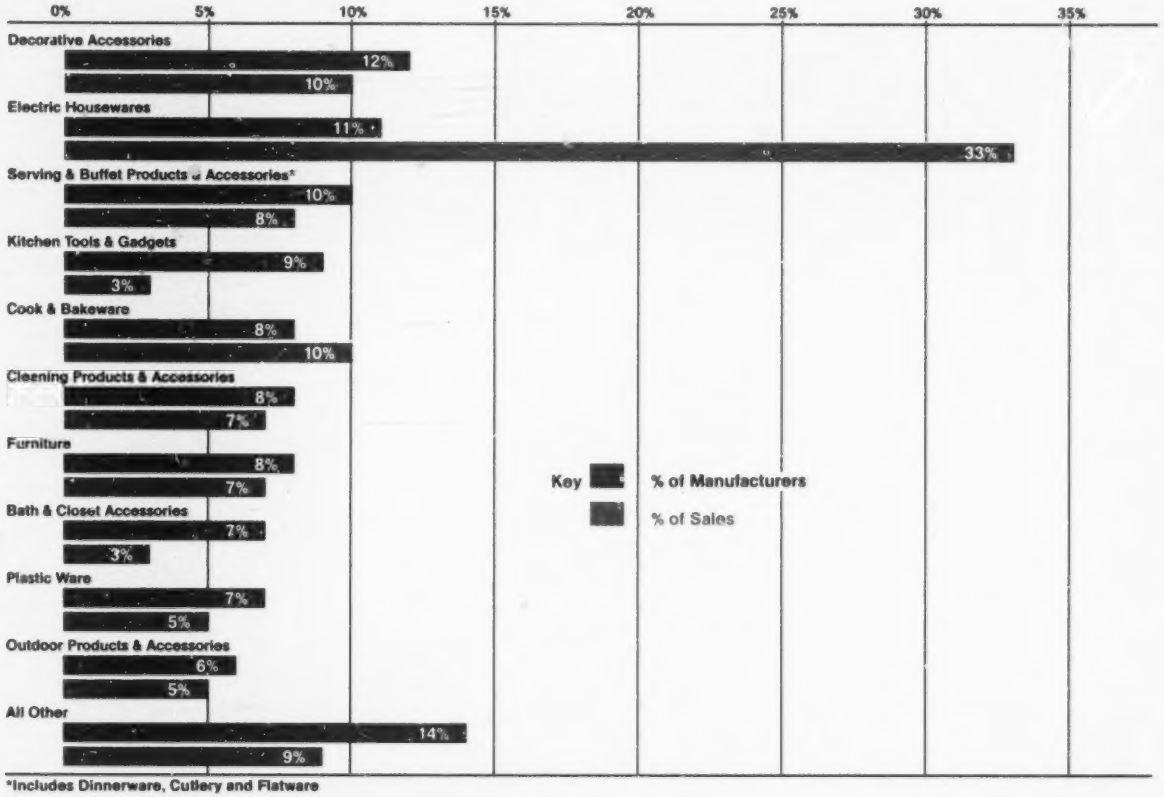
SIZE OF HOUSEWARES MANUFACTURERS– BY DOLLAR SALES VOLUME

SALES VOLUME	ACTUAL 1984		ESTIMATED 1985	
Under $1,000,000	25%		18%	
$1,000,000-$2,499,999	23		22	
$2,500,000-$4,999,999	15	52	18	60
$5,000,000 and Over	37		42	

Consistent with the optimistic outlook demonstrated by the housewares industry in past years, the manufacturers indicated that they expected their dollar sales volume for the coming year to exceed their actual 1984 sales. Accordingly, whereas 37% of the responding manufacturers stated that their actual sales in the past year exceeded $5 million, 42% indicated that they expected their sales for the coming year to be over $5 million.

DISTRIBUTION OF HOUSEWARES MANUFACTURERS AND SALES – 1984
BY PRODUCT CATEGORY

PRODUCT CATEGORY	% OF MANUFACTURERS	% OF SALES
Decorative Accessories	12%	10%
Electric Housewares	11	33
Serving & Buffet Products & Accessories*	10	8
Kitchen Tools & Gadgets	9	3
Cook & Bakeware	8	10
Cookware	*6*	*8*
Bakeware	*2*	*2*
Cleaning Products & Accessories	8	7
Furniture	8	7
Bath & Closet Accessories	7	3
Bath Accessories	*4*	*2*
Closet Accessories	*3*	*1*
Plastic Ware	7	5
Outdoor Products & Accessories	6	5
All Other	14	9



*Includes Dinnerware, Cutlery and Flatware

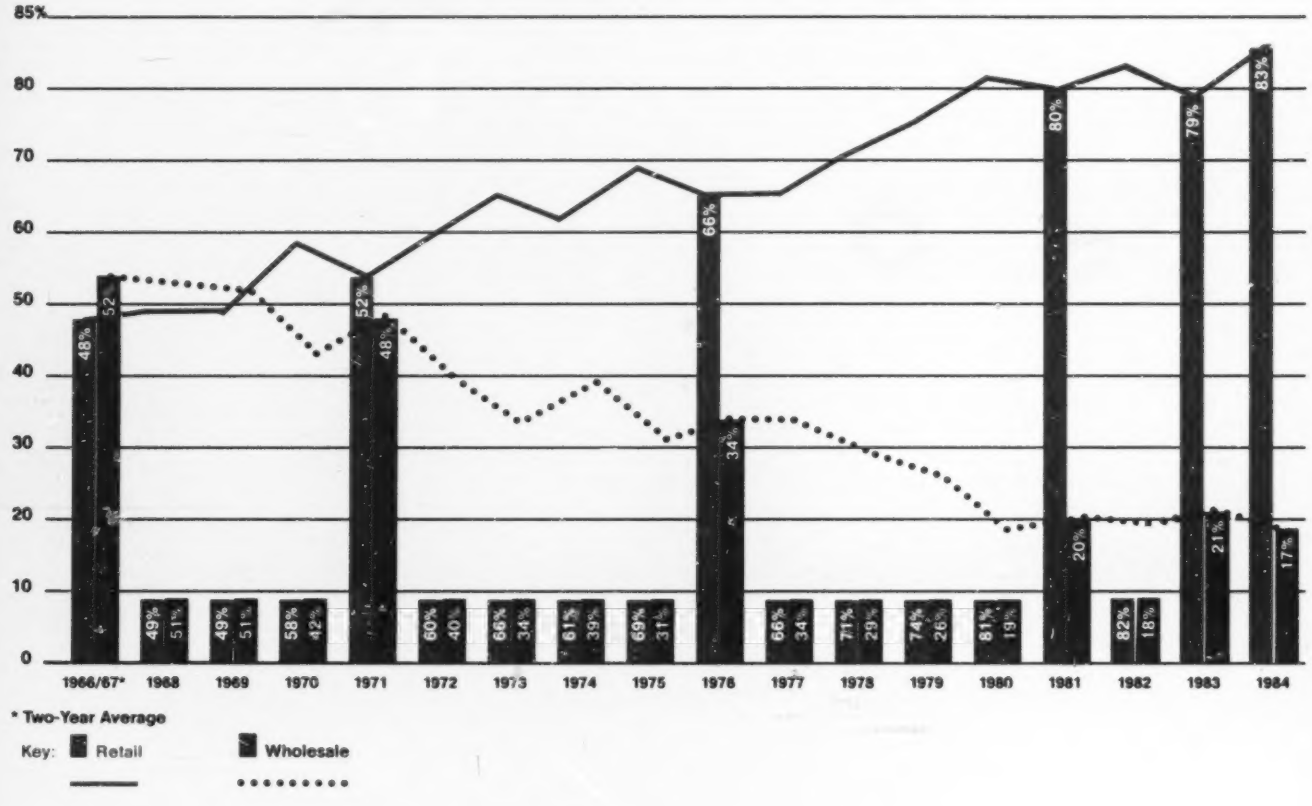
In 1984, manufacturers of Decorative Accessories represented 12% of the participating housewares manufacturers and 10% of the industry's sales.

Electric Housewares, representing 11% of the participating manufacturers, accounted for one-third (33%) of the industry's total sales.

In addition to tracking the industry's sales, as had been done over the previous seventeen years, in 1984 further detail within several categories, which in the past had been combined with others, was determined. In the Cook and Bakeware category, it was determined that manufacturers of Cookware represent 6% of the manufacturers, whereas Bakeware is manufactured by only 2%. Correspondingly, these two segments represent 8% and 2% of sales respectively.

Similarly, for Bath and Closet Accessories, two categories which have also been combined in past years, Closet Accessories are clearly the lesser, both in terms of incidence of manufacturers of such products and their relative dollar volume.

RATIO OF HOUSEWARES MANUFACTURERS' SALES TO RETAIL VS. WHOLESALE OUTLETS–1966-1984



The manufacturers who participated in the 1984 survey indicated that less than one-fifth of their total sales (17%) were to wholesale outlets. In turn, 83% reported that their sales were directly to retail outlets.

PERCENT OF TOTAL DOLLAR SALES TO RETAIL AND WHOLESALE OUTLETS
(BASED ON RETAIL + WHOLESALE = 100%)

	1984	1983	1981	1976	1971	1966/67†
RETAIL OUTLETS	**83%**	**79%**	**80%**	**66%**	**52%**	**48%**
Mass Merchandisers	38	30	28	20	18	10
Department Stores	10	8	11	7	10	10
Catalog Showrooms	9	9	10	6	—	—
Food Stores	7	6	6	5	3	7
Drug Stores	5	5	6	4	3	2
Housewares/Hardware Stores	3	5	4	5	3	4
Variety Stores	2	4	5	6	7	9
Mail Order	2	3	2	4	4	3
Home Centers	2	2	2	2	*	*
Buying Syndicates	1	1	1	1	*	1
All Other	4	6	5	6	3	2
WHOLESALE OUTLETS	**17%**	**21%**	**20%**	**34%**	**48%**	**52%**
Housewares/Hardware Distributors	5	8	7	9	14	17
Rack Jobbers	2	2	2	3	3	3
Electric Housewares Distributors	1	2	4	6	8	9
Premium Users	1	1	1	2	4	5
Club & Party Plan	1	1	1	5	*	*
Variety Distributors	1	*	*	1	1	2
Drug Distributors	*	2	1	2	2	1
Premium Distributors	*	1	1	1	1	2
Stamp Plan Suppliers	*	1	1	1	5	7
All Other	5	3	2	4	10	5

† Two-Year Average
— Type not listed
* Less than 0.5%

According to the participating manufacturers, 38% of total dollar sales in 1984 were to Mass Merchandisers, the highest incidence reported since this series of tracking studies were initiated.

It is also noteworthy that sales to Department Stores were reported at 10% of the industry's total.

Industry sales to Catalog Showrooms, at 9%, were comparable to the sales reported in the previous year.

At 17%, housewares manufacturers' sales to wholesale outlets represented the lowest incidence evident in the past eighteen years.

HIGHLIGHTS OF 1984/1985 HOUSEWARES COLOR PREFERENCES BY PRODUCT CATEGORIES

BATH ACCESSORIES	Most Popular 1984	Expected for 1985
White	37%	37%
Blue	22	20
Pastel	9	8
Beige	9	5
Yellow	8	6
Almond	7	7
Red	7	6

OUTDOOR PRODUCTS & ACCESSORIES	Most Popular 1984	Expected for 1985
White	30%	23%
Yellow	23	28
Red	23	19
Black	16	18
Blue	11	14
Brown	9	10
Almond	6	5

CLOSET ACCESSORIES	Most Popular 1984	Expected for 1985
White	47%	53%
Brown	17	16
Almond	11	11
Blue	11	10
Red	9	9

SERVING & BUFFET PRODUCTS & ACCESSORIES	Most Popular 1984	Expected for 1985
White	36%	32%
Red	18	18
Brown	14	13
Yellow	13	15
Blue	12	12
Wood Tones	11	13
Almond	11	11
Black	8	14

KITCHEN APPLIANCES & ACCESSORIES	Most Popular 1984	Expected for 1985
White	42%	45%
Almond	41	37
Brown	10	5
Red	9	10
Yellow	9	8
Blue	7	6

Note: Colors cited by 5% or fewer of manufacturers are not included. Since some manufacturers mentioned more than one color, some of the above tables total more than 100%.

In the 1984 study, White remained the leading preferred color for every one of the five product categories. Primary colors such as Blue, Yellow and Red were mentioned more often than in past years.

For Bath Accessories, Blue remained the second leading color, cited by 22% of the manufacturers. The mention of Brown declined from 10% in 1983 to less than 5% in 1984. On the other hand, Brown was cited as the second most popular color for Closet Accessories, at 17%, behind the 47% who mentioned White.

The mention of White exceeded Almond for Kitchen Appliances and Accessories by a slight margin (42% vs. 41%, respectively).

For Outdoor Products and Accessories, the mention of White as the most popular color rose from 21% in 1983, to 30% in 1984. The mentions of both Yellow and Red also rose, from 14% to 23% for each. In turn, the mention of Black declined slightly, while Brown dropped from 14% to 9%.

For Serving and Buffet Products and Accessories, White was noted by 36%. In addition, the mention of Red increased from 8% in 1983, to 18% in 1984.

1984/1985 HOUSEWARES PRICE INCREASES

	% OF MANUFACTURERS			
	ACTUAL		ANTICIPATED	
	1984	1983	1985	1984
NO PRICE INCREASE	**64%**	**66%**	**54%**	**39%**
% AMOUNT OF PRICE INCREASE	**36**	**34**	**46**	**61**
1-4%	17	14	22	22
5	9	9	14	17
6-9	7	6	6	12
10	2	2	3	5
11-14	—	1	—	1
15	—	—	—	—
Over 15	—	1	—	1
10 and over	2	4	3	7
Amount Not Specified	1	1	1	3
AVERAGE PRICE INCREASE	**5.3%**	**5.2%**	**4.6%**	**5.8%**

Only 2% of the manufacturers in the current study indicated that in 1984 their prices were increased by 10% or more. Furthermore, 3% anticipate increasing their prices by 10% in 1985. In turn, it is noteworthy that 64% of the manufacturers indicated that they did not increase their prices in 1984, while 54% do not anticipate that their prices will be increased in 1985. The average price increase reported for 1984 was 5.3%, while 4.6% is anticipated for 1985.

	1985	1984
EXPECTED TO INCREASE PRICES	**46%**	**61%**
REASONS FOR PRICE INCREASES		
Higher Material Costs	64	72
High Labor Costs	45	39
Higher Overhead Costs	30	17
Inflation	1	2
Higher Freight Costs	8	12
NO PRICE INCREASES EXPECTED	**54%**	**39%**

Note: Since some manufacturers mentioned more than one reason, the above table totals more than 100%.

The reasons given for the expected price increases in 1985 were consistent with those given earlier, in 1984. The only increase was in the mention of anticipated "higher overhead costs," mentioned by 30% versus 17% in the previous year.

PERCENT OF SALES EXPORTED OUT OF THE UNITED STATES IN 1984

	% OF MANUFACTURERS
NO EXPORT SALES	**48%**
SOME EXPORT SALES	**52**
1% or less	15 ┐
2%	9 ┘ 24
3-5%	17
6-10%	8
Over 10%	3
AVERAGE % EXPORT SALES	**2.05%**

According to the participating manufacturers, 48% indicated that none of their housewares sales were exported out of the United States in 1984. In turn, 52% stated that while some of their sales were based on exports, these represented relatively small volume. In fact, of the 52% who stated that some of their sales were exported out of the United States, close to half of these (24%) reported that 2% or less of their dollar volume was exported. On the other hand, only 3% reported that over 10% of their sales were exported. An average of 2.05% of the manufacturers' dollar sales was exported out of the United States.

PERCEIVED IMPORTANCE OF EXPORT SALES TO HOUSEWARES MANUFACTURERS

	% OF MANUFACTURERS WHO...	
	...DO NOT EXPORT	...DO EXPORT
Very Important	3%	9%
Somewhat Important	5	27
Not Particularly Important	14	35
Not Important at All	78	29

According to the manufacturers' responses, export was only moderately important to their housewares sales. Among those who do not export, more than three-fourths (78%) indicated that to them exports were not very important at all. In turn, of those who do export, only 9% stated that such sales are very important to them, while 27% indicated that they felt that exports were only somewhat important. It is also noteworthy that even among those manufacturers who do export, 29% stated outright that their export sales are not very important at all to them.

DELIVERY OF ORDERS

% OF ORDERS FILLED IMMEDIATELY	% OF MANUFACTURERS				
	1984	1983	1981	1976	1971
Under 60%	10%	11%	11%	12%	17%
60-69	3	3	5	4	2
70-79	8	9	8	9	12
80-89	16	13	20	17	17
90-99	50	50	45	45	42
100	13 — 63	14 — 64	11 — 56	13 — 58	10 — 52
Average % of Orders Filled Immediately	**83.4%**	**83.2%**	**81.6%**	**82.9%**	**80.6%**

The positive trend reported by the manufacturers of orders being filled immediately was retained in the current survey, with 83.4% of orders falling in this category. It is also noteworthy that the 10% citing under 60% of orders filled immediately is the lowest to date.

ACCOUNTS RECEIVABLE

NUMBER OF DAYS OUTSTANDING	% OF MANUFACTURERS				
	1984	1983	1981	1976	1971
Under 45 Days	**23%**	**26%**	**24%**	**33%**	**39%**
0-14	1	1	1	1	1
15-29	2	2	2	3	6
30-44	20	23	21	29	32
45 Days or Longer	**77**	**74**	**76**	**67**	**61**
45-59	47	46	44	40	34
60-74	21	21	24	22	21
75-89	4 — 30	3 — 28	3 — 32	1 — 27	2 — 27
90 or More	5	4	5	4	4
Average Number of Days Outstanding	**51**	**50**	**51**	**52**	**52**

In 1984, only 23% of the manufacturers reported that their accounts receivables are paid within 45 days. In turn, 30% reported that their accounts receivables are outstanding 60 days or longer.

PROBLEMS HOUSEWARES MANUFACTURERS ANTICIPATE FOR 1985 (VS. 1984 AND 1983)

	% OF MANUFACTURERS		
	Expected For 1985	Expected For 1984	Expected For 1983
Changes in the Competitive Mix	**45%**	**32%**	**26%**
Economic Factors	**22**	**31**	**40**
Economic Outlook/Tight Money/Recession	11	15	24
Maintaining Profit Margins	9	11	14
Credit/High Interest Rates	4	7	7
Inflation	1	2	1
Promotion/Marketing-Related Problems	14	13	13
Production-Related Problems	13	17	10
Changes in Retailers' Buying/Inventory Attitudes	13	15	19
Higher Costs	**12**	**24**	**10**
Materials	6	15	4
Rising Interest/Increased Overhead	5	8	3
Labor	3	5	3
Freight/Shipping	2	3	3
Energy	—	1	1
Collections/Accounts Receivable	**8**	**11**	**23**
Changing Consumer Needs/Demands	**8**	**9**	**5**
Declining Sales	**7**	**2**	**10**
Governmental Regulations/Controls	**2**	**1**	**1**
No Problems/None	**2**	**3**	**4**

Note: Since some manufacturers mentioned more than one problem, the above table totals more than 100%.

The manufacturers' concerns over "changes in the competitive mix" are at the highest level (45%) reported over the past few years. The trend rose from 26% in 1983, to 32% in 1984, to the current level; suggesting increased industry concern over the impact of foreign competition.

In turn, the reported earlier concerns over economic factors such as "economic outlook/tight money/recession" had declined to 11% in the current study.

Similarly, the mentions of several other concerns have also declined, including "changes in retailers' buying/inventory attitudes" and "collections/accounts receivable."

The purpose of the following unedited comments is to supplement the foregoing observations regarding prevailing attitudes and concerns for 1985 of some of the responding housewares manufacturers.

"Retailer reluctance to maintain adequate inventory. This creates serious out-of-stock conditions and loss of daily business."

●

"High interest rates. Even though these rates are falling, we, as small independent businessmen, still must pay high rates. This does not give an ability to expand a product base as quickly as is needed to maintain product position."

●

"Increased competition from manufacturers with larger assets who are able to advertise on a national basis."

●

"Erosion of our type of customer. Our best customer is the small to medium chain store... and small jobber. With the buyouts, mergers, etc., the small to medium chains are disappearing...the large chain is not our customer, as they often do their own importing."

●

"Again, as in recent years, our biggest problem for 1985 will be battling imported goods that are manufactured at considerably lower costs than our products. What is even more discouraging is the fact that even more foreign manufacturers have now entered the picture than had in the beginning of this decade, and still our federal government will do little to help our industry in terms of tariffs or import duties. The end result, quite frankly, is the extinction of an American industry that once was a heavy source of employment."

●

"Increasing volume by a much larger percentage than general retail sales are expected to increase. Expect cautious buying by major customers after a rather modest Christmas season. May be difficult to maintain profit margins without raising prices."

●

"Controlling expenses and waste to minimize profit shrinkage. Developing sufficient technical expertise in our factories to handle more complex product development."

"Competing with inferior products that are being sold at low prices in the market. Our government does not seem to care whether or not free trade (which we fully support) is conducted on an equitable basis. Free trade should work both ways."

●

"The most serious problem we face is gaining a greater share of the market. For the past 4 to 5 years, major stores only buy what other major stores are buying — regardless of the fact of being able to buy at better prices and better quality — it's a 'monkey-see, monkey-do' situation."

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"Being able to service our customers on a 'timely' basis due to such increased demand. Economy looks very strong for first half 1985; but after 'slow-down' in second half experienced in 1984, everyone is wondering about second half 1985. This makes planning very difficult, to say the least."

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"Lead time. Computerizing the company. Meeting customer demand to keep inventories down. Our customers aren't carrying as large an inventory."

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"Only <u>one</u>, potentially: Namely, if the economy collapses for all the known potential reasons — the budget and foreign trade deficits, rising interest rates and unemployment, inflation, — or the opposite — sharply lower interest, withdrawal of $100 billion in foreign money, defaulting of foreign borrowers, bank failures, stagnation. These things may not happen, but if they do..."

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"We are most concerned that department stores, even the upper-end ones, where our product is sold, have let their 'Housewares' department become overstocked to the point where nothing is sold well. They don't offer a service and the mark-ups they require force prices up."

"Our department store business is in jeopardy because they have become increasingly difficult to deal with (bill paying, unresponsive buyers, etc.), and they just aren't selling our product like they have in the past."

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"News media over-reaction to any slowdowns reported by government agencies, which tends to mislead public, and then changes consumer buying statistics."

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"Getting tooling completed and new items to market. Determining quantities initially to produce for over-cautious import-oriented market. Competing with imports — for shelf space as well as price."

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"The problem we face, and all domestic manufacturers face, is the unfair overseas competition. Especially from the Orient. We innovate, design, go to the expense of costly marketing; and then our products are 'knocked off'. What happens is not competition. The Taiwanese do not have the same cost factors. Something has to be done to support and buy American."

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"As always the uncontrollable economics of the U.S.A. If they are good, we are; if not, we're not."

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"The increased emphasis by the consumer on purchasing imported housewares (usually from the Far East) through mass merchants rather than buying better quality U.S. goods through department stores and gourmet cookware stores."

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"Margin erosion because foreign companies market in the U.S. and do it without any direction, only for a quick dollar."

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"Off-shore inferior products resulting in adverse opinion of entire product category where domestic product volume is much higher, yet suffers."

"The economic signals are so conflicting that it's very hard to plan."

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"Concern over a new recession while scarcely recovered from earlier ones."

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"In the foreign competition for floor and shelf space, we are being forced to give dating and payment scheduling, which puts us in the role of a lending institution."

•

"Competitive pricing — in the hot pursuit of major accounts, vendors in our category are cutting margins to the bone."

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"Indecision (or lack of actual authority) on the part of the chain store buyer. Committee buying and authorization has removed the impact of important buying decisions. A shrinking base of suppliers for raw and packaging materials has caused an increase in product costs which, due to competition at the chain store level, cannot be passed on by the manufacturer."

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"More and more outlets are bypassing bulk housewares. Sales to the proper stores before our volume diminishes is important this year."

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"Should the American dollar continue to be strong during 1985, off-shore manufacturers will have a pricing advantage competing in the American market. Failure on the part of the President and Congress to develop programs to reduce the budget deficit will contribute to consumer uncertainty about the continuing strength of the economy, which in turn will lead to postponement of purchase decision."

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" 'Foreign competition' — without a doubt the most serious threat to U.S. manufacturers. We are beginning a plan to phase out several older machines and certain equipment. We will replace these items previously made in-house with those made off-shore and distributed through existing channels."

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